Financial crisis in Maharashtra

2749. SHRI SATISH PRADHAN: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to the news-item, "Crisis downgrades Maharashtra to default category", which appeared in the 'Indian Express' dated the 17th October, 2002;

(b) if so, what is Government's reaction thereto; and

(c) what steps are proposed to be taken to address the various problems and bottlenecks mentioned in the news article to rectify the financial crisis in Maharashtra?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) The article in the Indian Express dated 17th October, 2002 referes to the downgraded credit rating of the bonds issued by the Public Sector Undertakings under Government of Maharashtra in view of their inability to meet in time the payment of interest and principal obligations, due to sagging financial condition of the State Government.

(b) and (c) The financial crisis faced by some States including Government of Maharashtra has received the attention of Government of India. Though the primary responsibility for the repayment of debt of State Government rests with respective States and the State Governments are expected to take adequate measures to improve their financial conditions, Government of India has been facilitating the States to overcome their temporary cash imbalance problems by making feasible releases of the State's entitlements in advance.

Besides to enable fiscal consolidation, the Government of India have enjoined States to draw up Medium Term Fiscal Reforms Programmes (MTFRP) which is projected to bring down the consolidated debt of States. The build-up of debt and issuance of guarantees in future has been strictly capped by the MTFRPs, and require specific permission of Government of India under Article 293(3) of the Constitution.

Government of Maharashtra has drawn up their Medium Term Fiscal Reform Programme. Further, the Government of India has since put

forward a proposal for debt swap to enable the States to retire high cost debt so as to supplement their efforts towards fiscal consolidation.

Proposal of CII on VAT

2750. SHRI SATISH PRADHAN: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government have received any proposal for CII on the 'Implementation of VAT, in India;

(b) if so, what are the details thereof'and what is Government's response thereto; and

(c) the steps taken or proposed to be taken for the implementation of VAT in the country for boosting Indian industry and trade?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir.

(b) Does not arise in view of the above.

(c) Sales Tax is a State subject. However, in a Conference of Chief Ministers held on 16th November, 1999, the States decided to replace their sales tax system with a Value Added Tax (VAT) system. An Empowered Committee of States Finance Ministers has been constituted to monitor implementation of VAT by the States with effect from 1.4.2003. The Union Government is facilitating and coordinating the endeavour of the States for transition to a Value Added Tax regime. The CII was given an opportunity by the abovementioned Empowered Committee to place its suggestions relating to VAT before the said Committee and the Committee has taken note of these suggestions.

Shareholding of UTI

2751. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) what is the UTI's shareholding upto 5 per cent in large private sector companies; and

(b) if so, the details in this regard, company-wise?